



Montgomery County Council

From the Office of Councilmember Roger Berliner

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Maryland PSC Today Agrees to Study 'Climate Protection Tariff' Proposed by Montgomery Councilmember Roger Berliner

*Commission Sets Up Work Group to Consider Plan to Have
Utilities Statewide Establish Voluntary Program That Will Allow
Residents to be 'Climate Neutral' in Electricity Consumption*

[EDITOR'S NOTE: Complete text of Councilmember Berliner's
Statement Before the PSC is attached at end of this release.]

ROCKVILLE, Md., January 7, 2009—The Maryland Public Service Commission (PSC) today in Baltimore decided to establish a work group to study a proposal by Montgomery County District 1 Councilmember Roger Berliner (Bethesda, Chevy Chase, Potomac) that would require utilities statewide to implement a voluntary "Climate Protection Tariff." The supplemental monthly tariff would allow residential customers to become "climate neutral" with respect to their consumption of electricity to combat global warming.

The voluntary additional tariff would support initiatives such as the planting of trees or other measures to achieve carbon neutrality.

Councilmember Berliner, who is an energy lawyer, first petitioned the Maryland PSC to implement the tariff as a demonstration program in 2006, before he was elected to the County Council. He modeled his request after a program implemented by the California Pacific Gas & Electric Company (PG&E).

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“I am very gratified that the commission took this positive step forward and I think it is reflective of the new direction under the O’Malley administration to explore all options that can bring about significant carbon reductions,” said Councilmember Berliner. “A purely voluntary tariff would allow rate payers to become carbon neutral and I am pleased that the commission concluded that the concept is worthy of further exploration. A work group will be formed which will bring all relevant stakeholders together to determine if we can make a carbon neutral tariff work in the state of Maryland and is expected to report its findings to the commission in six months.”

In his testimony today, Councilmember Berliner urged that Maryland direct utilities to move forward with the program on a trial basis. In deciding to establish the study group, the commission overruled a recommendation from its staff Regulatory Economist Daniel Norfolk, who had recommended that the PSC take no action on the proposed demonstration program.

“Let me make clear what I know you appreciate,” Councilmember Berliner said in his testimony today. “I am here as an energy lawyer who has represented renewable energy suppliers, cogenerators, utilities and local governments before state and federal regulatory agencies and the Congress for the past 24 years. I would not be here if I was not utterly convinced that this petition wasn’t completely consistent with the work we are doing in Montgomery County to make sure that we meet our commitment to reduce greenhouse gas emissions by 80 percent, a goal the Governor and our state is equally committed to.”

On Aug. 8, 2006, Councilmember Berliner first petitioned the PSC to implement the demonstration program. His petition referenced the PG&E program in which residents voluntarily paid, on average, approximately \$4.30 a month in an additional tariff in exchange for PG&E’s investment in projects that offset greenhouse gas emissions.

“[PSC] Staff and PEPCO have also expressed reservations about the fact that I proposed this as a PEPCO only demonstration tariff,” Councilmember Berliner told the commissioners today. “I did so to provide this commission with the opportunity to explore this concept on a pilot basis, which I thought, and continue to think, is prudent. However, let me assure you Mr. Chairman and commissioners that I have no objection to making it a statewide offering.

“What we know already as we begin to put the programs in place to move us in this direction is how hard it is going to be to get there. We are going to need every tool in the toolbox to have a chance.”

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Complete statement of Montgomery County Councilmember Roger Berliner before the Maryland Public Service Commission on Jan. 7, 2009:

Good morning Mr. Chairman, Commissioners.

I am Roger Berliner, who as a citizen of Montgomery County, filed this petition with your commission two and half years ago.

A lot has changed in those two and half years, including the fact that the good people of Chevy Chase, Bethesda and Potomac extended to me the privilege of representing them on the Montgomery County Council, where I now serve as vice president and lead on energy and environmental matters.

What has also changed is the make-up and vision of this commission. I want to commend you Mr. Chairman and your colleagues for the major orders you issues at the end of the year, orders that put us on a path where we can begin to harness the potential our public utilities have to assist homeowners and businesses alike transform our consciousness, habits, and ultimately, our consumption of electricity.

Your willingness to take up this matter, two and a half years later, is also I think a reflection of the change in this commission and its new direction, so I thank you for that as well.

Let me make clear what I know you appreciate. I am here as an energy lawyer who has represented renewable energy suppliers, cogenerators, utilities and local governments before state and federal regulatory agencies and the Congress for the past 24 years. I would not be here if I was not utterly convinced that this petition wasn't completely consistent with the work we are doing in Montgomery County to make sure that we meet our commitment to reduce greenhouse gas emissions by 80 percent, a goal the Governor and our state is equally committed to.

What we know already as we begin to put the programs in place to move us in this direction is how hard it is going to be to get there. We are going to need every tool in the toolbox to have a chance.

Mr. Chairman and commissioners, that is at the heart of the inquiry that I have asked you to launch, an inquiry that I believe has been made more compelling, not less, by the passage of time.

As our president-elect has made one of his core themes, we need to "empower" each and every citizen to make a difference. That is the essence of the climate neutral tariff that I am asking you to explore, a tariff where each and every one of us can voluntarily decide to pay more to do the right thing.

It is a concept that I freely borrowed from California, home to one of the most progressive utilities in the country and one of the most environmentally and energy efficiency conscious state utility commissions.

PG&E's tariff, approved by the California Public Utilities Commission, allows its customers to pay a little more than \$4 a month more to be carbon neutral, a result achieved primarily by the planting of carbon sequestering trees.

As your staff analysis correctly points out, PG&E has a cleaner fuel mix than PEPCO, which relies much more heavily on coal than PG&E does, and therefore it would cost ratepayers more to become carbon neutral here than it does there. That is true. And from my perspective, the fact that PEPCO relies so heavily on coal, and that our homes in Montgomery County contribute a full third of our total greenhouse gas emissions makes this effort more important, not less.

It is also true that planting trees may not be the best or the only means of achieving carbon neutrality, although I can tell you that our county and region is increasingly focused on how we can not only preserve our tree canopy, but increase it, and that our utilities are not always seen in a positive light by virtue of the tree trimming done to protect power lines. I believe an investigation by this Commission into the possibility of a carbon neutral tariff should include examination of a wide range of options by which ratepayers could offset their electricity consumption, including requiring PEPCO to put out an RFP to all potential carbon neutral providers.

Your staff analysis notes the other major initiatives that are intended to reduce our utilities contribution to greenhouse gas emissions, initiatives that predated your most recent positive actions. However, the inference drawn appears to be that those efforts are either sufficient or inconsistent with a new voluntary carbon neutral tariff. I would respectfully suggest that neither inference would be proper. This tariff offering should be seen as complementing—at the individual level—our broader and macro efforts to encourage our utilities to reduce their purchases of coal generated power. And even our most aggressive energy efficiency efforts are aimed at reducing greenhouse gas emissions by 30 percent. This tariff offering would allow ratepayers to get to 100 percent.

Your staff also points out that a voluntary carbon neutral tariff would represent a departure from the current approach of only having our state utilities offer vanilla, standard offer service. That is also true.

And I would say to you that the notion that utilities must be prevented from offering anything other than a vanilla SOS is a relic of a failed experiment in deregulation, one that was premised and sold by Enron and others on the basis that there would be vigorous price competition among many independent power producers to serve our ratepayers. We can not allow the failures of deregulation to prevent us from harnessing the unique capacity our utilities have to assist us in reaching our most important societal objectives.

In this regard, the staff questions “the appropriateness of whether a utility such as Pepco should provide for the option of a voluntary ‘green’ product as part of SOS, as opposed to having such a product continue to be provided by licensed competitive electricity suppliers,” and point to constituents of mine, Clean Currents, who provide consumers with that option.

I would make several observations in response. First, I believe an expansion of SOS would result in far greater consumer awareness and utilization of carbon neutral offerings. I can not tell you how many times that I have shared with my constituents the option of using 100% wind, which my wife and I use, and they express their total lack of knowledge with respect to the fact that the option exists or how to go about it.

Second, I do not believe that an expansion of the SOS offering must come at the expense of Clean Currents or other clean energy providers. They should, as I noted earlier, be encouraged to participate in an ongoing competitive RFP to be suppliers of carbon neutral offerings. I have discussed this with Clean Currents’ management, and believe we see this the same way.

Staff and PEPCO have also expressed reservations about the fact that I proposed this as a PEPCO only demonstration tariff. I did so to provide this commission with the opportunity to explore this concept on a pilot basis, which I thought, and continue to think, is prudent. However, let me assure you Mr. Chairman and commissioners that I have no objection to making it a statewide offering.

Finally, staff expresses concerns about the potential for large administrative costs. I would say to you that we can not judge yet with sufficient accuracy the cost of administering such a program because I do not believe we are at the stage of analysis where we know the final contours of a carbon neutral offering. Nor have we explored whether the state is prepared to use REGGI dollars to assist us in meeting administrative costs. I would urge you not to reject investigating this concept further on such unproven grounds.

And that is the bottom line Mr. Chairman and commissioners. Whether you believe that this concept – a carbon neutral tariff – is worthy of further investigation, bringing better minds than mine to bear on this issue, and to determine whether we can truly “empower” Maryland and our citizens to do the right thing by becoming carbon neutral. I hope you conclude that it does.

I look forward to continuing to work with you and PEPCO in the years ahead to meet our energy and environmental challenges.

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